

## Message Text

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ACTION ARA-14

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-08 FRB-01  
INR-10 NSAE-00 ICA-20 TRSE-00 XMB-04 OPIC-06  
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CEA-01 PA-02 L-03 /110 W  
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R 032101Z MAY 78  
FM AMEMBASSY KINGSTON  
TO SECSTATE WASHDC 1021

UNCLAS KINGSTON 3752

E.O. 11652: N/A  
TAGS: ECON, ELAB, JM  
SUBJECT: WAGE CONTROL LEGISLATION

REF: KINGSTON 3637

1. SUMMARY: THE PUBLIC PRESS REPORTED THAT THE GOVERNMENT IS EXPECTED TO INTRODUCE LEGISLATION IN PARLIAMENT SOON TO CONTROL WAGE INCREASES. THE NEW LAW, THE PAY RESTRAINT ACT OF 1978, WILL PROVIDE FOR THE ISSUE OF ORDERS CONTAINING GUIDELINES LIMITING INCREASES IN PAY. THE ACT WOULD BE PART OF THE GOVERNMENT'S AUSTERITY MEASURES IMPLEMENTED AS UNDER THE STABILIZATION PROGRAM BEING WORKED OUT WITH THE IMF.

THE NATIONAL WORKERS UNION, LABOR AFFILIATE OF THE PNP, MADE IT CLEAR THAT IT REJECTS ALL ATTEMPTS TO LEGISLATE AN INCOMES POLICY AND WILL USE ALL THE RESOURCES AT ITS DISPOSAL TO STRUGGLE AGAINST ANY ATTEMPT TO INTRODUCE A WAGE FREEZE. END SUMMARY

2. THE DAILY GLEANER OF MAY 1 REPORTED THAT THE GOVERNMENT IS TO INTRODUCE LEGISLATION IN PARLIAMENT SOON TO CONTROL WAGE INCREASES. THE LEGISLATION, TO BE KNOWN AS THE UNCLASSIFIED

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PAY RESTRAINT ACT OF 1978, WILL SEEK TO PROVIDE FOR THE ISSUANCE OF ORDERS GOVERNING INCREASES IN WORKERS' PAY. THE PAPER REPORTED THAT "IT IS BELIEVED TO BE A PART OF THE GOVERNMENT'S AUSTERITY MEASURES BEING IMPLEMENTED AS A CONDITION TO JAMAICA BEING GRANTED A THREE-YEAR LOAN BY INTERNATIONAL MONETARY FUND".

3. THE PAY RESTRAINT ACT WILL EMPOWER THE MINISTER OF FINANCE AND PLANNING TO ESTABLISH GUIDELINES FOR THE DETERMINATION OF PAY INCREASES; PROHIBIT REDUCTION IN ANY BASE PERIOD USED TO COMPUTE CHANGES IN WORKER REMUNERATION; PROVIDE THAT PERSONS CARRYING ON ANY BUSINESS KEEP SUCH RECORDS AS MAY BE SPECIFIED AND PRODUCE THE RECORDS FOR INSPECTION AT THE REQUEST OF THE MINISTER; EMPOWER THE MINISTER TO ISSUE ORDERS PROVIDING GUIDANCE AS TO THE PROCEDURES TO BE FOLLOWED BY WORKERS, UNIONS AND EMPLOYERS IN NEGOTIATING INCREASES IN WAGES AND OTHER BENEFITS.

4. THE ACT WOULD ALSO AMEND THE LABOR RELATIONS AND INDUSTRIAL DISPUTES ACT TO PROVIDE THAT, IN DEALING WITH DISPUTES, THE INDUSTRIAL DISPUTES TRIBUNAL WILL NOT MAKE ANY AWARD WHICH IS INCONSISTENT WITH THE NATIONAL INTEREST AS INDICATED BY THE WAGE GUIDELINES ORDER.

5. ON ITS MAY 2 EDITION, THE DAILY GLEANER REPORTED THAT THE NATIONAL WORKERS UNION DECLARED ON MAY 1 ITS OPPOSITION TO ANY LEGISLATION REGULATING INCOMES, SAYING IT WOULD STRUGGLE AGAINST ANY ATTEMPT TO INTRODUCE A WAGE FREEZE. NWU PRESIDENT CARLYLE DUNKLEY SAID THAT "THE NWU WANTS TO MAKE IT CLEAR THAT IT REJECTS ALL ATTEMPTS TO LEGISLATE AN INCOMES POLICY. FURTHER, THE NATIONAL WORKERS UNION WILL USE ALL THE RESOURCES AT ITS DISPOSAL TO STRUGGLE AGAINST ANY ATTEMPT TO INTRODUCE A WAGE FREEZE OR ANY LEGISLATION WHICH UNCLASSIFIED

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WOULD ADVERSELY AFFECT THE CONDITIONS OF THE WORKING CLASSES". HE ADDED THAT ALL WAGE OFFERS ALREADY MADE BY EMPLOYERS SHOULD BE HONORED NOTWITHSTANDING ANY CHANGES IN THE GUIDELINES AND THAT THE NWU WOULD NOT TOLERATE ANY ATTEMPT TO TRESPASS ON THE RIGHTS OF TRIBUNALS TO ASSESS EMPLOYERS' ABILITY TO PAY AND MAKE AWARDS BASED ON THE FACTS OF EACH SITUATION. HE NOTED THAT WAGE CONTROLS WERE NOT "APPROPRIATE TOOLS OF ECONOMIC POLICY IN OUR KIND OF SITUATION".

6. OTHER POINTS MADE BY THE NWU PRESIDENT WERE:

. THE NWU WILL NOT ACCEPT ANY MEASURES THAT WILL REDUCE THE JOB SECURITY OF EMPLOYEES.

. IF SACRIFICES ARE TO BE MADE, THESE MUST BE SHARED BY ALL OF THE PEOPLE AND NOT BE LIMITED TO THE WORKING CLASSES ALONE. " SACRIFICES MUST BE BORNE BY THOSE WHO CAN BEST WITHSTAND THEM".

. IT WILL NOT BE EASY FOR TRADE UNION MEMBERS TO ACCEPT INCREASED TAXATION IN THE FACE OF THE PRESENT LARGE-SCALE EVASION OF TAX PAYMENTS, PARTICULARLY BY CERTAIN

OF THE SELF-EMPLOYED.

. THE UNION CALLS ON THE GOVERNMENT NOT TO ABANDON ITS COMMITMENTS TO THE PURSUIT OF PEOPLE-ORIENTED PROGRAMS SUCH AS PIONEER FARMS AND JAMAL (ADULT EDUCATION). IT ALSO REAFFIRMED ITS SUPPORT TO GOVERNMENT EFFORTS TO DIVERSIFY ITS FOREIGN RELATIONS AND ENSURE A NEW INTERNATIONAL ECONOMIC ORDER.

7. COMMENTS:

A. A MAJOR CONFLICT ON THE ISSUE OF INCOMES POLICY IS UNFOLDING BETWEEN THE GOVERNMENT AND THE UNIONS. THE CLOSE TIE- IN BETWEEN THE UNIONS AND THE POLITICAL PARTIES (THE UNCLASSIFIED

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BUSTAMANTE INDUSTRIAL TRADE UNION LINKED TO THE JLP AND THE NATIONAL WORKERS UNION TO THE PNP) AND THE INTENSE RIVALRY BETWEEN THE UNIONS EXACERBATE THE CONFLICT AND CREATE A SITUATION IN WHICH NEITHER UNION CAN APPEAR TO YIELD TO THE GOVERNMENT. YET, A TOUGH INCOMES POLICY IS BASIC TO A SUCCESSFUL STABILIZATION PROGRAM.

B. THE NWU STATEMENT REVEALS CONSIDERABLE BITTERNESS WITH RESPECT TO THE MANNER IN WHICH THE SACRIFICES ARE BEING SHARED. IF UNION OPPOSITION TO GOVERNMENT AUSTERITY MEASURES IS TO BE OVERCOME, IT IS CLEAR THAT THE GOVERNMENT WILL HAVE TO GREATLY IMPROVE ITS TAX ADMINISTRATION EFFORTS AND TAKE OTHER MEASURES TO CONVINCE THE UNIONS THAT THE SACRIFICES WILL BE BORNE BY ALL.  
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## Message Attributes

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